



STATE OF UTAH
NATURAL RESOURCES
State Lands & Forestry

File ACT/047/011
Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Ralph A. Miles, Division Director

3100 State Office Building • Salt Lake City, UT 84114 • 801-533-5381

October 25, 1983

Enercor
Attn: Samuel S. Arentz
820 Beneficial Life Tower
Salt Lake City, UT 84111

RE: ML 21202 OG&H - Rainbow Project

Dear Mr. Arentz:

Thank you for submitting a copy of your proposed Rainbow Project for our review and consideration. In reviewing the plan, I found two immediate concerns to bring to your attention.

1. ML 21202 is due to expire at the end of 1983. Unless commercial production activity begins immediately, there is no acceptable argument for extending the lease. It is noted that your plan calls for no actual construction to commence until 1985 or 1986. This seeming lack of diligence toward development is unexplained and unacceptable.

2. Your plan calls for the eventual mining of Section 36, Township 12 South, Range 20 East; and, Section 2, Township 13 South, Range 24 East. As you may be aware, these two sections of land are involved in the Wolf Den Oil Shale Development Project of Geokinetics, Inc. Oil shale deposits on these lands are considered of future commercial value. Indiscriminant stripping of oil shale rock to gain access to underlying tar sands deposits will not be permitted. Due consideration must first be given to conservation and recovery of the oil shale resource. It is necessary that you contact Mr. Mike Lekas, Geokinetics, Inc. 391 Chipeta Way, #D-2, Salt Lake City, UT 84108, telephone no. 583-0511, to coordinate your proposal and plans in regard to this matter.

I look forward to receiving your response to these concerns. Please keep in mind the urgency of completing an acceptable mining and reclamation plan by the beginning of December should you wish the Land Board to consider extending your leases. The Division of Oil, Gas, and Mining has indicated that their initial review of your plan will be completed by November 9, 1983. They will likely request that additional or supplementary information of your at that time.

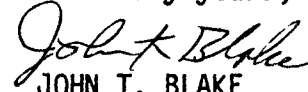
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DIVISION OF
OIL, GAS & MINING

Enercor
October 25, 1983
Page Two

I will need to receive your request for appearance at the December 14, 1983, Land Board meeting prior to November 9, 1982. Please contact me should you have any questions.

Sincerely yours,



JOHN T. BLAKE
MINERALS RESOURCE SPECIALIST

JTB/mh

cc: Susan Linner
Division of Oil, Gas, and Mining

Ivan Hjort
Texaco, Inc.
4601 South Tamarac Parkway
Denver, CO 80237

Mike Lekas
Geokinetics, Inc.
391 Chipeta Way, #D-2
Salt Lake City, UT 84108